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A.I.D. Mission,
Management, and Organization:
A Bibliography,
1989-1993

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INTRODUCTION

The purpose of this annotated bibliography is to identify information on the major issues regarding the changing role of the Agency for International Development in U.S. foreign assistance. Citations in this document cover A.I.D. operations, management, and organization.

The cited sources represent a diversity of opinions regarding U.S. foreign assistance. The Agency perspective is reflected in the statements, testimony, and internal evaluations of Agency staff. U.S. government analyses are presented in the numerous reports from the General Accounting Office (GAO), the Congressional Research Service (CRS), and in the testimony and statements of non-A.I.D. officials. In addition, the non-governmental contribution to the debate on the future of U.S. foreign assistance is represented in scholarly journal articles, and non-governmental policy publications and assessments.

Relevant documents have been identified and a bibliographic citation provided. When available, abstracts have been included. Any document identified by an eight character symbol (e.g., PN-ABC-123) is available from A.I.D.'s Development Information Services Clearinghouse and can be obtained by contacting Research and Reference Services (R&RS) at (703) 875-4807. Copies of CRS briefs, GAO reports, or articles in journals may also be requested through R&RS.

A.I.D. MISSION, MANAGEMENT, AND ORGANIZATION:
A BIBLIOGRAPHY

Agency for International Development. *Development and the National Interest: U.S. Economic Assistance into the 21st Century*. (Also referred to as the Woods Report.) Washington, D.C.: A.I.D., 1989. PN-ABE-542.

_____. *Management Action Plan*. Washington, D.C.: A.I.D., May 1991. PN-ABH-676.

_____. *Semiannual Report to the Congress, April 1, 1992 - September 30, 1992*. Office of the Inspector General. A.I.D., 1993. FD-ABF-157.

This report describes activities of the Inspector General's (OIG) Office of Audit, Office of Investigations, and Office of Security. During the reporting period, the Office of Audit issued 31 performance audit reports and processed 174 financial or financial-related audit reports performed by Agency- and recipient-contracted auditors or other federal government audit organizations. In total these reports recommended \$206.4 million in deobligations, reprogramming of funds, and other actions that would put funds to better use.

The Office of Investigations received 89 complaints during this reporting period. The majority, 76, concerned fraud and procurement irregularities. Forty-five percent of the total involved A.I.D. contractors and suppliers, ten percent involved A.I.D. US direct-hire employees, ten percent involved foreign national employees, and thirty-six percent involved others. A total of 69 criminal investigations were opened following evaluation of the complaints. Investigative results during this period included 176 convictions or confinements, four suspensions of companies from participation in A.I.D. programs, four administrative disciplinary actions, and \$1,429,161 in recoveries and \$4,269,517 in savings or avoidance of unnecessary expenditures.

The Office of Security visited 36 of the Agency's 99 overseas facilities. Negotiations between the Office of Security and the Agency's Office of Administrative Services resulted in a final proposal to transfer A.I.D./Washington physical security responsibilities to the OIG. A 15-page summary of this report is contained in the *Semiannual Report Digest* (PD-ABF-156).

_____. *Why Foreign Aid? The Benefit of Foreign Assistance to the United States.* Office of the General Counsel, Bureau for Legislative Affairs. Washington, D.C.: A.I.D., April 1992. PN-ABM-226.

American Foreign Policy Council. *Modernizing Foreign Assistance: Resource Management As An Instrument of Foreign Policy.* Washington, D.C.: American Foreign Policy Council, 1992. ISBN 0-275-94224-4.

Advocates a reappraisal of U.S. foreign aid goals and greater flexibility in the allocation of assistance account.

Askin, Peter. "Foreign Aid in the 1990s." *Development Studies Program (DSP) Newsletter*, Vol. 1, No. 1, (Spring 1992): pp. 2-8.

Bissell, Richard E. "After Foreign Aid - What?" *Washington Quarterly*, Vol. 14, No. 3, (Summer 1991): pp. 23-33.

Gridlocked programmatically, the U.S. foreign assistance program deserves reform. In this case, reform means a redesign of the conceptual basis and mandate for foreign assistance. The fundamental issues to be addressed today can be grouped into issues reflecting changes in the global scene, changes in U.S. interests, and finally changes in the international system that affect how the United States relates to those of others.

Brinkerhoff, Derick W. "Improving Development Program Performance: Guidelines For Managers." *Studies in Development Management.* National Association of Schools of Public Affairs and Administration. Boulder, CO.: Lynne Rienner Publishers, Inc., 1991. PN-ABH-154.

While development programs will always involve irreducible elements of uncertainty and "loose" cause-and-effect links, sound program management can minimize the effects of such intangibles. This book examines development program management from the point of view of the developing country manager and provides practical guidelines that encompass current thinking about the best ways to improve and sustain program performance. It is divided into nine wide-ranging chapters covering: (1) an introduction to development and management; (2) key concepts in programs and program management; (3) the program environment and policy setting and guidelines for dealing with these factors; (4) program design and planning, with emphasis on early attention to sustainability; (5) a program's organizational structure; (6) management systems and processes; (7) human resources; (8) performance improvement; and (9) managing for performance and sustainability. Management, in the view of the author, involves a broad

set of activities which are directed towards achieving goals in complex settings. This complexity results from a myriad of social, technical, and physical phenomena that combine uniquely in any given management situation. The practice of management can thus be seen as a craft, falling somewhere between science and art. In addition, development program managers must not be viewed as simply administrative technicians carrying out plans designed elsewhere. Depending upon the nature of their programs, they are called upon to fulfill many roles and must often mobilize resources from public, private, local, national, and international sources. Finally, development program managers need to function as organizational entrepreneurs, paying attention to a wide array of factors beyond the internal workings of their own units and the actions of their immediate subordinates.

Callison, C. Stuart. "Development and the National Interest." *Foreign Service Journal* (January 1990): pp. 28-33.

_____. "Thinking Globally, Acting Locally." *Foreign Service Journal* (November 1992): pp. 35-38.

_____ and John G. Stovall. "A.I.D.'s Identity Crisis." *Foreign Service Journal* (January 1992): pp. 31-36.

Clad, James C. and Roger D. Stone. "New Mission For Foreign Aid." *Foreign Affairs* (Vol. 72, No. 1, 1993): pp. 196-205.

Rather than burdening the Agency for International Development with yet more policy reversals and program redirections, the authors of this article recommend that President Clinton dismantle the U.S. bilateral aid program and begin anew with "a concise, clearly defined initiative to promote environmentally sound forms of economic growth." Aid for economic development should stand apart from other traditional programs such as military and security assistance, disaster relief, AIDS support and food donations. Additional recommendations are presented.

Clark, Don P. "Trade Versus Aid: Distribution of Third World Development Assistance." *Economic Development and Cultural Change*, No. 39, (July 1991): pp. 829-837.

Measures and compares the degree of trade and foreign aid concentration under schemes offered by the U.S. and Japan. Benefits under the Generalized System of Preferences, Official Development Assistance, and Most Favored Nation Schemes.

Coutch-Morgan, Earl. *American Foreign Aid and Global Power Projection: the Geopolitics of Resource Allocation*. Dartmouth Publishing Company, 1990. ISBN: 1-85521-006-1.

Roles of resource transfers in the pursuit of specific U.S. foreign policy objectives in regions and countries in the Third World.

Curry, Robert L., Jr. "Basic Needs Strategy, The Congressional Mandate, and U.S. Foreign Aid Policy." *Journal of Economic Issues*, Vol. 23, No. 4, (December 1989): pp. 1085-1096.

The poverty that persists throughout lower-income countries, coupled with stringent conditions accompanying International Monetary Fund supported recovery and adjustment programs, suggest a need to search for ways to foster longer-term sustainable development, and to lessen the harsh shorter-term impact of conditionality in such countries. The basic human needs strategy offers an opportunity to focus aid directly on the primary constraints to material progress. However, this approach must be implemented in a flexible way in the context of an overall bilateral assistance program.

_____. "A Review of Contemporary U.S. Foreign Aid Policies." *Journal of Economic Issues*, Vol. 24, No. 3, (September 1990): pp. 813-824.

A forthcoming U.S. program aimed at providing much needed economic aid could be constructed according to basic human needs logic, which was the substance of the Congressional Mandate of 1973 and of provisions of the 1978 Humphrey Bill. This article shows that such aid can be facilitated only by a U.S. program characterized by: 1) An increasing annual level of disbursements; 2) An emphasis on economic development assistance rather than on the pursuit of a range of other objectives; and 3) Directing assistance toward the most needy people in the world's least developed countries. During the 1980s, the level, composition, and direction of U.S. aid veered sharply, from the essence of the logic and mandate of the bill — of the basic needs approach. This article offers evidence of the character and magnitude of the shifts in policy and provides a policy perspective that could direct U.S. foreign aid toward assisting the world's poorer people to meet their basic needs on sustainable bases.

Development Alternatives, Inc. *Evaluation of Performance Measurement Systems for Use in Allocating Development Assistance*, Washington, D.C.: Development Alternatives, June 1991. PN-ABI-943.

Doherty, Carroll J. *Congressional Quarterly Weekly Report*, Issue No. 50, (May 16, 1992): pp. 1351-1357.

Overview of past programs based on U.S. geostrategic, security, and economic interests; outlook. Some emphasis on Africa.

Eberstadt, Nicholas. *U.S. Foreign Aid Policy: A Critique*. Headline Series No. 293, 1990. (ISBN 0-87124-134-X).

Overview since 1945; suggests improvement of allocations and institutional reform. Partial contents: Postwar recovery and the liberal international economic order; Multilateralization: the World Bank and UN; Origins of the debt crisis.

Fairclough, Anthony. "Lome III: New Approaches in the European Community's Development Aid Policy." *Crown Agents Review*, No.1, 1989: pp. 18-26.

How the Lome III convention is helping recipient states plan the aid they receive; includes statistics on aid provided through the Lome and other conventions.

Fasceff, Dante B. "Foreign Aid Reform." *Mediterranean Quarterly*, Vol. 1, No. 1, Winter 1990: pp. 3-14.

The 1989 House of Representatives bill, H.R. 2655, seeks to balance presidential flexibility with congressional oversight in foreign aid decisions. The chairman of the Foreign Affairs Committee in the House presents a historical overview of U.S. foreign aid since World War II, tracing changes in strategy and approaches. During these decades, the emphasis has vacillated between short-term political concerns and broader human rights orientations. The existing laws require revision because the piecemeal adjustments of the Foreign Assistance Act have not addressed the global redistribution of power, international economic interdependence, or the sweeping transformation of Eastern Europe. The new bill was written to improve the management and accountability of foreign aid programs. The formulation of H.R. 2655 is discussed, followed by a strong recommendation for its passage.

Ferris, George M., C. Harvey Bradley, et al. *The President's Commission on the Management of A.I.D. Programs. Report to the President: An Action Plan*. April 16, 1992. PC-AAA-222. (Also known as Ferris Commission Report)

Increasing concern over the management of foreign aid led the U.S. Congress in September, 1991, to establish a presidential commission to review the management of A.I.D. programs. Findings of the commission are presented in this report under four headings.

(1) Critical Underlying Issues. A new Foreign Assistance Act is needed to redefine A.I.D.'s mission and objectives in the rapidly changing world of the 1990s. Other recommendations are to: fully integrate A.I.D. into the State Department; reestablish a senior-level group within the Executive Branch to coordinate foreign assistance; and restrict the use of Economic Support Funds to achieving foreign policy objectives, while using Development Assistance (DA) funds for legitimate development purposes.

(2) Restructuring Program Management. To reestablish firm management control at the top, the A.I.D. Administrator should designate the Deputy Administrator as the Chief Operating Officer and he or she should be responsible for managing A.I.D.. The Agency should reduce the number of Washington program and organizational elements; standardize processes throughout the Agency (from strategic planning to information and contract management systems); introduce integrated budgeting; and reduce both the number and complexity of A.I.D. country programs. In an era of scant resources, A.I.D. should concentrate its development assistance on nations that promote private sector economic growth as the best model for eliminating poverty and promoting stable democracy.

(3) Improving Personnel Management. Design and implementation of effective workforce planning is a top priority. This includes revamping recruitment strategies and procedures (e.g., by developing an active recruitment program and reducing the number of employment categories), managing assignment and career development systems more vigorously, and updating training programs to reflect A.I.D.'s changing role in development.

(4) Improving Accountability. A.I.D. needs to install a performance management system that links Agency objectives, annual employee workplans or contracts, and employee evaluations. Also urged are mandatory use of worldwide financial and contract reporting systems; use of the internal control review process to provide feedback to operating units and to develop an Agencywide management plan; emphasis on fewer and larger contracts and elimination of private voluntary organizations and universities that have proven ineffective or too costly or that have become excessively dependent on A.I.D. financing; and development of two-year appropriations for DA funds to replace the use-or-lose one-year system currently in use.

The President's Commission on the Management of A.I.D. Programs: A Progress Report. September 30, 1992. PC-AAA-282. (Also known as Ferris Commission Report)

This report reviews A.I.D.'s implementation of the twenty-five management recommendations outlined in the first Ferris Commission report, *An Action Plan*. The authors note that A.I.D. is in agreement with all but two of the recommendations; however, implementation of the accepted recommendations is getting off to a slow start.

The Commission believes priority attention should be paid to making certain that the following recommendations are being implemented quickly and well: establish a COO (Chief Operating Officer) with staff; uniform program and project systems; financial systems plan; and stronger top management support for all recommendations that HRDM implements.

The President's Commission on the Management of A.I.D. Programs: Critical Underlying Issues - Further Analysis. December 22, 1992. PC-AAA-288. (Also known as Ferris Commission Report)

This report provides further elaboration on the critical underlying issues. The first and most basic recommendation was that the mission and objectives of foreign assistance needed to be defined anew. There needs to be a completely new foreign assistance act. To do this a new consensus should be built between the Executive Branch and Congress. The time is right to do this with the beginning of a new administration.

To help the process along, this report presents a comparative analysis of foreign assistance programs of selected other donors. It compares the different approaches and strategies adopted by donor countries to deliver their aid programs, with a view to understanding how they have adapted to the various priorities and pressures they face. Donor aid agencies differ significantly in their institutional infrastructures, client countries, mix of aid outputs, terms and conditions, and in their response to domestic political pressures. However, at a broader level, there is clearly an international "foreign assistance industry" which is relatively homogeneous in its objectives, delivery mechanisms and outputs.

The second critical underlying issue is A.I.D.'s organizational status and location within the Executive Branch. The Commission felt that status and location should flow from a newly defined mission. If the mission is to support U.S. foreign policy, then A.I.D. belongs fully merged within the State Department. The report offers two options for merging A.I.D. into State. One is minimum change in organizational structures; the other calls for basic reform of both and a completely new merged organization.

The third issue on which the Commission expands is the need to establish a formal coordinating committee on foreign assistance. The number of Executive Branch agencies involved in foreign assistance is growing. Senior-level coordination is weak. The Executive Branch runs a real danger of losing control over the priorities and roles of various agencies in foreign assistance and the allocation of funds. Here, the authors support a solution that has been recently recommended by a joint commission of the Carnegie Endowment for International Peace and the Institute For International Economics.

The fourth underlying issue was that the Administration and Congress should make a clear distinction between ESF and DA funding. The Commission believe this could be quickly and simply agreed upon by the two branches and does not need further elaboration.

General Accounting Office. *A.I.D. Management - Strategic Management Can Help A.I.D. Face Current and Future Challenges*. GAO Report to the Administrator, Agency for International Development. Washington, D.C.: G.A.O., March 1992. GAO/NSIAD-92-100. PC-AAA-215.

Numerous internal studies and external reports have identified significant and recurring management problems in most areas of A.I.D.'s operations. In addition, new programs and approaches introduced by each Administrator, added to ongoing activities and congressional directives, force A.I.D. to address so many objectives that the Agency has no clear priorities or meaningful direction. A.I.D. operations have emphasized project design and obligation of funds more than program effectiveness and results, due partly to a budget cycle in which most funds are returned to the Treasury if not obligated in the year appropriated. Responsibilities at A.I.D. have not been clearly defined and various headquarters offices have redundant activities. A.I.D.'s work force does not reflect its current needs and it does not have a work force planning system. Finally, A.I.D.'s financial and information resource management systems are inadequate. Appendix I describes in more detail the problems and challenges A.I.D. faces. A.I.D. has taken many steps indicated in a strategic management process. The Agency has scanned its internal and external environment and has candidly acknowledged some major weaknesses. It has taken steps to assign management working groups to tackle these tough issues and devise strategies and implementation plans to solve these problems. It has strengthened the resources and mission of its evaluation unit to better assess and communicate program and management successes and shortcomings and provide meaningful feedback.

Despite these efforts, A.I.D. still lacks a clearly articulated strategic direction shared by key internal and external groups. Without a clear vision of what A.I.D. should be doing and why, its efforts to reorganize, focus its program, plan for future work force needs, measure program performance, and implement major changes in financial and management information systems may be futile. Establishing and following a strategic management process should enable A.I.D. to develop an Agencywide direction, select effective management strategies to achieve this direction and address critical issues, and assign accountability and monitor feedback.

Accountability and Control Over Foreign Assistance. Statement of Frank C. Conahan, Assistant Comptroller General, National Security and International Affairs Division, before the Committee on Appropriations, Subcommittee on Foreign Operations,

Export Financing and Related Programs, House of Representatives. Washington, D.C.: G.A.O. National Security and International Affairs Division, March 1990. GAO/T-NSIAD-90-25. PC-AAA-145.

_____. *Donor Approaches to Development Assistance: Implications for the United States.* Washington, D.C.: G.A.O. May 1983. GAO/ID-83-23. PC-AAA-085.

This report compares the bilateral development assistance approach of the United States with those of five major Western countries and identifies and analyzes the wide variety of operations and procedures that have been tried in selected African recipient countries. GAO presents a number of foreign aid approaches that have been tried by other donors and some of the dilemmas and trade-offs that accompany each approach.

_____. *Export Promotion: Federal Approach Is Fragmented.* Washington, D.C.: G.A.O. National Security and International Affairs Division, August 1992. GAO/T-GGD-92-68. PC-AAA-268.

_____. *Foreign Affairs Issues.* Washington, D.C.: GAO, December 1992. GAO/OCG-93-26TR.

This report discusses major foreign affairs policy, management, and program issues identified through major GAO evaluations of several key State Department and U.S. Information Agency activities. The issues discussed in this report include (1) adjusting to post-Cold War diplomacy, (2) addressing the future of international broadcasting, (3) implementing management improvements, (4) improving U.S. participation in United Nations organizations, (5) improving the effectiveness of international narcotics control programs, and (6) improving the administration of refugee programs.

_____. *Foreign Assistance: A Profile of the Agency for International Development.* Washington, D.C.: G.A.O. National Security and International Affairs Division, April 1992. GAO/NSIAD-92-148. PC-AAA-228.

A.I.D.'s organizational structure is highly decentralized, with a headquarters staff in Washington, DC, and missions and offices in more than 70 foreign countries. In 1991, the Administrator initiated a major reorganization of A.I.D./W in an attempt to streamline and improve agency management. The reorganization, however, did not directly affect the agency's overseas structure, which has remained essentially unchanged since A.I.D. was established 30 years ago.

In fiscal year 1990, A.I.D. administered activities comprising about 38 percent, or \$7.5 billion, of the international affairs budget. A.I.D., however, does not have total control over the funds it administers. For example, A.I.D. directly transferred \$1.2 billion to Israel. A.I.D. had approximately 1,680 active projects in fiscal year 1990. Of these, nearly three-fourths were administered by A.I.D.'s overseas missions and offices; the others were administered by A.I.D./W. A.I.D. obligated \$6.1 billion for project and program expenses in fiscal year 1990. At the beginning of fiscal year 1990, A.I.D. had \$8.3 billion in funds obligated in prior years but not expended.

A.I.D.'s workforce is comprised of U.S. and foreign national direct hires and personal services contractors. Other individuals not directly employed by A.I.D. — estimated at about 10,000 — also perform a wide range of services. In fiscal year 1990, more than two-thirds of A.I.D.'s work years (totalling approximately 7,000) were expended by U.S. and foreign national personal services contractors, who are not separately identified and reported to the Congress. (Author abstract)

Foreign Assistance: A.I.D. Can Improve its Management of Overseas Contracting. Washington, D.C.: G.A.O. National Security and International Affairs Division, October 1990. GAO/NSIAD-91-31. PC-AAA-191.

Foreign Assistance: A.I.D.'s Implementation of Microenterprise Program Guidance. Washington, D.C.: G.A.O. National Security and International Affairs Division, February 1991. GAO/NSIAD-91-78. PC-AAA-223.

Prior to 1988, A.I.D. did not have an overall policy for structuring microenterprise activities. In that year, Congress passed applicable legislation, and in October 1988, A.I.D. issued and distributed to its overseas Missions a Policy Determination which incorporated the congressional guidance, but did not make it mandatory. This policy allowed Missions considerable flexibility in assisting microenterprises, and accordingly, three Missions visited to assess A.I.D.'s compliance with congressional guidance — Guatemala, Honduras, and Senegal — did not specifically target their microenterprise projects to the poorest 50% of the population or emphasize credit assistance to women or the poorest 20% of the population. Also, loans frequently exceeded \$300 because this loan size was considered too low for the country's economic circumstances. A.I.D. has recently taken steps to improve the management and oversight of its microenterprise development programs by consolidating responsibility within the Office of Small, Micro and Informal Enterprise. The data in A.I.D.'s March 1990 report to the Congress was of questionable validity. A.I.D. did not have a system to track detailed information concerning its microenterprise credit activities. At the three Missions visited, which represented about 27% of A.I.D.'s microenterprise loans for 1989, it was found that much of the specific data concerning loan size and the recipient's gender and economic status were based on estimates. The lack of specific information was not noted in

A.I.D.'s report, and consequently, the report leaves the impression that the data were more precise than is the case. A.I.D. has initiated an effort to keep track of this information, and estimates that it will have a fully operational information system for the microenterprise program by 1992.

_____. *Foreign Assistance: African Development Foundation's Grant Funds Are Not Routinely Audited.* Washington, D.C.: G.A.O. National Security and International Affairs Division, October 1991. GAO/NSIAD-92-25. PC-AAA-241.

_____. *Foreign Assistance: Funds Obligated Remain Unspent For Years.* Washington, D.C.: G.A.O. National Security and International Affairs Division, April 1991. GAO/NSIAD-91-123. PC-AAA-225.

At the request of Congress, the General Accounting Office (GAO) reviewed the management and status of obligated but unspent funds in A.I.D.'s pipeline of development assistance and economic support funds. The GAO found that \$296 million of \$2.8 billion in the pipelines of the six Missions visited -- in Egypt, Guatemala, Honduras, Kenya, Pakistan, and the Philippines -- was not programmed to be spent within the next 2 years. Since these funds are not planned for use within 2 years, they represent a lost opportunity for A.I.D. to redirect scarce resources to higher priorities. An additional \$8 million at these Missions was obligated for projects that had completed all activities by September 1989 or earlier. GAO found indications of excesses at other Missions as well.

Unrealistic or overstated implementation planning is the major factor contributing to projects having excess funds in the pipeline. Circumstances that A.I.D. cannot control, such as delays by host governments, also resulted in excess funding. A.I.D. has made limited use of its statutory authority to deobligate funds from slow or stalled projects, in part because host countries must agree to the deobligation.

A.I.D.'s recent introduction of performance budgeting, which is designed to reallocate funds to countries that successfully implement policy reforms, may help A.I.D. use the pipeline more effectively.

_____. *Foreign Assistance - Management Problems Persist at the Agency for International Development.* Testimony before the Committee on Appropriations, Subcommittee on Foreign Operations, U.S. Senate. Statement of Frank C. Conahan, Assistant Comptroller General. Washington, D.C.: G.A.O. National Security & International Affairs Division, May 1992. GAO-T-NSIAD-92-31. PC-AAA-235.

Foreign Assistance: Progress in Implementing the Development Fund for Africa. Washington, D.C.: G.A.O. National Security and International Affairs Division, April 1991. GAO/NSIAD-91-127. PC-AAA-226.

The Development Fund for Africa has provided a stable source of development assistance funding for sub-Saharan Africa and, in fact, development assistance has increased in absolute terms and relative to other regions. However, increases in development assistance funding did not offset decreases in other types of economic assistance, such as economic support funds and food aid. As a result, total U.S. economic assistance to this region was lower in fiscal year 1990 than in fiscal year 1987.

Consistent with congressional guidance, A.I.D. has, among other things, concentrated Fund resources in those African countries that have demonstrated a willingness to undertake economic policy reforms. Within those countries, A.I.D. has concentrated resources in specific sectors.

A.I.D. missions have not taken full advantage of the flexibility offered by the exemption from "buy American" procurement rules because A.I.D.'s guidance to the African missions was restrictive. Emphasis is still on the procurement source rather than on whether program objectives would be most effectively met. However, A.I.D. has taken advantage of the flexibility provided by the Congress by not tying the Fund to functional accounts. This flexibility has permitted A.I.D. to improve operations by allowing it to more easily reprogram funds and pursue cross-sectoral projects.

While economic development is a long-term process subject to many influences, A.I.D. has not adequately described appropriate evaluation approaches and techniques for missions to use in analyzing relevant baseline and monitoring data. Also, A.I.D. has not described adequately in its guidance how to measure the Fund's impact or include a focus on evaluating the host country's ability to sustain the program or project impact after outside funding terminates.

Foreign Economic Assistance Issues. Washington, D.C.: GAO, December 1992. GAO/OCG-93-25TR.

Since the end of World War II, beginning with the Marshall Plan and throughout the Cold War era, foreign economic assistance has served as an important tool to U.S. foreign policy. Foreign economic assistance programs have focused on a wide range of national objectives—political, economic, commercial, security, developmental, and humanitarian. However, with the end of the Cold War and the easing of East-West tensions, the perceived threats to our national interests—the glue that once held together the political and popular support of foreign aid—have disappeared. New challenges are on the horizon, both at home and abroad. However, the role of foreign aid in meeting

these challenges is unclear, and mismanagement at the Agency for International Development has clouded the agency's future.

This report includes brief discussions of the following issues: (1) reassessing the goals and rationale for foreign economic assistance, (2) ensuring management accountability in aid programs, (3) establishing a work force planning system in A.I.D., (4) improving information resource management, and (5) establishing modern financial management and accounting systems.

Information Resources Management: Initial Steps Taken but More Improvements Needed in A.I.D.'s IRM Program. Washington, D.C.: G.A.O. Information Management and Technology Division, September 1992. GAO/IMTEC-92-64. PC-AAA-276.

Internal Controls: A.I.D. Missions Overstate Effectiveness of Controls for Host Country Contracts. Washington, D.C.: G.A.O. National Security and International Affairs Division, February 1991. GAO/NSIAD-91-116. PC-AAA-158.

Promoting Democracy: National Endowment for Democracy Efforts to Improve Grant Management. Washington, D.C.: G.A.O. National Security and International Affairs Division, January 1992. GAO/NSIAD-92-89. PC-AAA-220.

Griffin, Keith. "Foreign Aid After the Cold War" *Development and Change*, Vol. 22, No. 4, (October 1991): p. 645.

Hiemenz, Ulrich. *Development Strategies and Foreign Aid Policies For Low Income Countries in the 1990s.* Kiel Discussion Papers 152, August 1989. (ISSN 0455-0420).

Reasons for lack of development, failure of external aid, need to strengthen political bargaining processes and institution building.

Independent Group on the Future of U.S. Development Cooperation. *Reinventing Foreign Aid: White Paper on U.S. Development Cooperation in a New Democratic Era.* Draft. Washington, D.C.: Overseas Development Council, December 1992.

InterAction. *Steps to Revitalize US Foreign Aid*. December, 1992.

A position paper which was presented to President-elect Bill Clinton's transition cluster for the Agency for International Development in December 1992. It recommends a series of organizational action steps the new Administration should take to shore up international aid programs. InterAction's Advocacy and Education Committee, which prepared the document, believes it provides a direction for the new Administration on sustainable development and humanitarian assistance that is in line with the foreign policy objectives of the incoming Administration.

International Science and Technology Institute, Inc. *Technical Advisory Services to Institutions Cooperating With A.I.D. in Furtherance of the Foreign Assistance Act of 1961*. Bureau for Science and Technology, Office of Rural and Institutional Development. Washington, D.C.: A.I.D., November 1990. SBA No. 3-85-2-7232. PN-ABL-418.

Jolly, Curtis M. and Millie A. Gadbois. "Foreign Aid As Promotional Strategy" *Review of Black Political Economy*, Vol. 18, No. 1, (Summer 1989): pp. 59-74.

Donor countries can be motivated by humanitarianism and/or self interest in their foreign aid decisions. This research investigates the usefulness of aid as a means of encouraging trade. It also sought to determine how effectively the U.S., the United Kingdom, West Germany, and Japan use this strategy. On the basis of trade and foreign aid data for 1966-1985, the article shows that bilateral aid by donor countries increases exports and total trade with recipient countries. The United Kingdom was the only country which did not fit this pattern. It is concluded that the donors have been allocating their assistance wisely. The statistical modeling of the aid/trade relationship is explained in detail.

Kochring, John W., Peter W. Askin, Randal J. Thompson et al. *A.I.D.'s In-Country Presence, An Assessment*. Center for Development Information and Evaluation, Office of Evaluation. A.I.D. Program and Operations Assessment Report No. 3. Washington, D.C.: A.I.D., October 1992. PN-AAX-260.

This report offers an in-depth review of what many, inside and outside A.I.D., consider the Agency's most distinctive and valuable asset: its in-country presence. The report provides a systematic exploration of the basic advantages of A.I.D.'s in-country presence, reviews the relationship of these advantages to the actual functions performed by U.S. staff overseas, and formulates a range of short-, medium-, and long-term options for increasing the cost-effectiveness of the Agency's approach to its presence overseas.

Konan, M.A. *Development Assistance to Reduce Poverty: Defining and Measuring Progress*. Academy for Educational Development, Sponsored by the Office of Program and Policy Review. Washington, D.C.: A.I.D., January 1991. PN-ABH-085.

This paper summarizes current thinking on poverty is defined and measured and explores different perspectives on how to alleviate it. The paper reviews a variety of measurement devices, focusing on composite indices (headcount index, poverty gap, human development index) as well as single variable indicators (regarding consumption, income, food consumption and ratio, bodily measurement, basic needs, adult literacy, primary school enrollment, and life expectancy at birth). Seven views on means for alleviating poverty are also discussed, which include: labor-intensive economic growth; investments in human resources; integration of economic growth and poverty reduction; short-term income transfers and safety nets; grassroots initiatives; improvements in natural resources management; and combining human and capital development. Poverty reduction, it is concluded, is a complex process and not a simple, one-time event.

Lancaster, Carol. "New Direction For U.S. Foreign Aid." *TransAfrican Forum*, No. 9, (Summer 1992): pp. 53-67.

Evolution of U.S. aid policies toward Africa; need for guidelines for future policies. Support for foreign aid wilting under glare of domestic woes: Cold War's end leaves the unpopular program adrift as some in Congress seek a new rationale.

Madison, Christopher. "Foreign Aid Follies: The White House Wants Fewer Strings Attached to Foreign Aid, But It Isn't Likely To Get Its Way." *National Journal*, No. 23, (June 1, 1991): pp. 1288-1291.

Impact of the lack of flexibility in deciding how to allocate funds for assistance vis-a-vis congressionally earmarked funds.

_____. "Agency in Agony." *National Journal* (November 21, 1992): pp. 2667-2671.

Martin, David and Gezahegne Bekele. *Foreign Assistance: International Resource Flows and Development Assistance to Developing Countries*. Washington, D.C.: G.A.O. National Security and International Affairs Division, October 1990. GAO/NSIAD-91-25FS PC-AAA-239.

Net global public and private economic resource flows to developing countries, which consist of official development finance flows, private flows, and export credits, have generally declined from \$128.4 billion in 1980 to \$101.8 billion in 1988. The decrease

resulted largely from a drop in private flows, which generally take the form of direct investments and international bank loans. While official development finance flows increased 38%, from \$45.5 billion to \$66.0 billion, between 1980 and 1988, private flows declined 50%, from \$66 billion to \$32.9 billion, substantially increasing the relative share and importance of official flows. Export credits declined from \$16.9 billion to \$3 billion during this period. The decline in private flows is due primarily to reduced demand for international lending by those countries with relatively sound economies and curtailed access to capital markets for those with debt service problems. A drop in global export credits also contributed to the decline in total net resource flows to developing countries.

Development Assistance Committee members continued to provide about 80% of official development assistance. Between 1980 and 1988, the U.S. share of official development assistance increased from 16.3% to 18.3%. Japan increased its official assistance by 172%, and its share of global official assistance from 10.4% to 15%. While contributing proportionately more of their gross domestic products, the Organization of Petroleum Exporting Countries nonetheless decreased their shares of global official assistance from 23% to 9%. The Soviet Union and East European nations accounted for about 8% of all official assistance, with about 90% of this assistance coming from the Soviet Union.

Overall, since 1980, donor nations have redirected their resource flows to developing nations away from upper middle income countries (defined by the World Bank as countries with over \$1,300 annual per capita income) and toward lower income countries (countries with under \$600 annual per capita income). The redirection was largely the result of reductions in private flows to middle income countries, and increased disaster relief measures to lower income countries.

Regionally, Sub-Saharan Africa received 35% of the global official development assistance, Asia received 33%, North Africa and the Middle East received 13%, and Latin America received less than 2%. The remaining 18% was not allocated by region. Development assistance represents about 7.5% of the gross national product (GNP) of Sub-Saharan Africa, 1.2% for Asia, 20% for Oceania, 1% for North Africa and the Middle East, and less than 1% for Latin America. Developing countries' dependence on donor resource flows has increased; for example, in Sub-Saharan Africa, dependence on donor resource flows was only 4.1% of GNP in 1980.

While nearly all developing countries receive some development assistance, the distribution of this assistance remains largely independent of the relative development resource needs of these countries. In fiscal year 1988, for instance, 5% of the developing countries received nearly 21% of the global official bilateral assistance distributed bilaterally, and only one of these countries -- Bangladesh -- was among the 42 countries recognized by the United Nations as least developed. In FY 1986, India, Israel, Egypt, Vietnam, and Bangladesh led all other developing countries in assistance received, totaling 21.1% of all official development assistance provided. During this

period, the United States tended to concentrate its disbursements in the Middle East, while Japan focused its assistance mostly in the Far East. Multilateral assistance distribution patterns also show that 15% of developing countries received 23% of the official development assistance.

Over time, donor nations tended to favor particular recipient countries. For instance, Japan disbursed an average of 14% of its official development assistance to Indonesia in the 1960's, 11% in the 1970's, and 6% in the 1980's. The United States disbursed an average of 18% of its net official development assistance to Israel in the 1960's, 8% in the 1970's, and 13% in the 1980's. Donor nations tended to direct their official assistance to differing sectors. In 1987, the latest year for which data were available on sectoral commitments of donors, the United States provided 33% of its official development assistance to program assistance -- general program loans, loans to purchase commodities, and government budget support -- and 5% to economic infrastructure development. In contrast, Japan directed about 54.6% of its aid to economic infrastructure development and industrial production, and only 14% to program assistance. Economic assistance from the Organization for Petroleum Exporting Countries concentrated on general program support, and Soviet assistance favored infrastructure development and mineral exploration and extraction.

McGuire, Mark F. and Vernon W. Ruttan. "Lost Directions: U.S. Foreign Assistance Policy: Since New Directions" *Journal of Developing Areas*, Vol. No. 24, Iss. No. 2, (January 1990): pp. 127-180.

Outlines major influences that have shaped policy since 1973. Two distinct shifts in U.S. foreign policy are identified: 1) The move away from the Basic Human Needs Mandate or New Directions --as outlined in the 1973 Foreign Assistance Act-- toward a more security-dominated policy; and 2) The move away from security as the paramount objective toward a policy incorporating some of the ideas of economic cooperation and internationalism. The sources of influence have been both foreign and domestic. The shift away from the Basic Human Needs Mandate was strengthened by the Cold War rhetoric of the Reagan Administration and its determination to achieve closer political linkages between economic and security objectives. The shift toward global economic cooperation was motivated by the international debt crisis and recognition of the existence of increased economic interdependence. The U.S. economy's slow growth and the burden of exceptionally high budget deficits resulted in Congress's growing reluctance to sustain foreign economic assistance. Both Congress and the development community were increasingly critical of an economic resource allocation policy that was designed to meet short-term policy goals rather than long-term development needs. The evolution of program assistance has been more a product of bureaucratic and congressional politics than of administrative initiatives.

Mellor, John W. and William A. Masters. *Changing Roles of Multilateral and Bilateral Foreign Assistance*. Washington, D.C.: International Food Policy Research Institute, 1991, IFPRI reprint no. 210. PN-ABK-427.

Naranjo, F. *Foreign Assistance: In Need of Radical Reform*. Washington, D.C.: Commission on United States Japan Relations for the Twenty First Century, 1991.

The study points to a disturbing paradox: sweeping global changes in Eastern Europe and parts of the third world have not been generally accompanied by economic growth. Instead, the poor nations in the world, in the main, have grown poorer, sometimes even in absolute terms. The troubling implications of this "relative impoverishment" engage important national interests of both the United States and Japan, involving America's own future prosperity and safety. There is urgent need for the U.S. and Japan to draw together to deal with the challenge of development. The Report offers a recommendation on this point, suggesting that the two governments name a select commission to study and report back to the governments on ways to support efforts to achieve sustainable growth in the third world and Eastern Europe, with a charter that goes beyond aid and debt to encourage productive investment and market based growth.

Nowels, Larry Q. "Foreign Assistance and Congressional Debate: International Challenges, Domestic Concerns, Decisions Deferred." *CRS Report for Congress* (April 17). Washington, D.C.: Congressional Research Service, 1992.

_____. "Foreign Aid: Budget, Policy, and Reform." *CRS Issue Brief*. Washington, D.C.: Congressional Research Service, November 24, 1992.

_____ and Ellen Collier. "Foreign Policy Budget: Priorities for the 102d Congress." *CRS Issue Brief*. Washington, D.C.: Congressional Research Service, November 24, 1992.

Osterfeld, David. "The Failures and Fallacies of Foreign Aid." *Freeman*, No. 40, (Fall 1990): pp. 61-71.

Economic and political problems related to development assistance.

Prosterman, Roy L. and Timothy Hanstad. *Foreign Aid: An Assessment of the Proposed FY 1991 Program*. Rural Development Institute Monographs on Foreign Aid and Development, No. 5. Seattle, WA: RDI, June 1990. ISSN: 0748-0644. PC-AAA-204.

_____. *Does Foreign Aid Benefit the Poor?: A Report Card for Fiscal Year 1993 - Grading of the Proposed U.S. Foreign Economic Assistance Program, as Embodied in the Agency for International Development's Congressional Presentation.* Rural Development Monographs on Foreign Aid and Development, No. 10. Seattle, WA: RDI, May 1992. ISSN: 0748-0644. PC-AAA-234.

_____. *Foreign Aid: a Report Card for the Proposed FY 1992 Program - Our Twelfth Grading of the Proposed U.S. Foreign Economic Assistance Program, as Embodied in the Agency for International Development's Congressional Presentation.* Rural Development Institute Monographs on Foreign Aid and Development, No. 7. Seattle, WA: RDI, May 1991. ISSN: 0748-0544. PC-AAA-205.

Rondinelli, Dennis. "Reforming U.S. Foreign Aid Policy: Political Constraints on Development Assistance." *Policy Studies Journal*, Vol. 18, No. 1, (Fall 1989): pp. 67-85.

The tension between the foreign aid program's developmental and political tasks is clearly reflected in the Agency for International Development's efforts to improve the ability of governments and private institutions in developing countries to plan and carry out development activities more effectively, and in its own internal procedures for planning and managing development programs. This article traces the nature and sources of these tensions during the evolution of foreign aid policy, identifies the obstacles to planning and administering development assistance more effectively, and examines the principal policy options for redirecting American development assistance policy during the 1990s.

_____. and Ronald W. Johnson. "Third World Urbanization and American Foreign Aid Policy: Development Assistance in the 1990s." *Policy Studies Review*, No. 9, (Winter 1990): pp. 247-262.

Implications of agriculture's yielding its dominance as the major source of employment and production to commerce, services, and manufacturing.

Roskens, Ronald W. *Development Issues 1991: U.S. Actions Affecting Developing Countries - The 1991 Annual Report of the Chairman of the Development Coordination Committee.* U.S. International Development Cooperation Agency, A.I.D., Office of the Administrator. Washington, D.C.: A.I.D., 1991. O PN-ABJ-449.

A.I.D. is not only the major implementor of the U.S. economic assistance program, but also coordinates the economic assistance provided by other U.S. Government agencies,

Congress, private voluntary organizations, and foundations. This report provides an overview of this A.I.D.-led assistance program during FY 1990. Chapter I identifies A.I.D.'s six major priorities: (1) free markets and broad-based economic growth, (2) individual economic and social well-being, (3) democracy, (4) prudent environmental policies and natural resource management, (5) transnational problems (e.g., narcotics trafficking and foreign debt), and (6) humanitarian disaster relief. Chapter II examines the effect of the legal, regulatory, and judicial environment on resource allocation and entrepreneurial initiative, while Chapter III provides an overview of world economic issues, including U.S. trade policies and foreign direct investment. Chapter IV addresses progress and problems in the following areas: food and agriculture, human resources, women in development, energy and the environment, institutional and urban development, private enterprises, and disaster and refugee assistance. Chapter V summarizes programs to promote growth, including U.S. bilateral economic assistance; programs of the Overseas Private Investment Corporation, the Peace Corps, and private voluntary organizations; the U.S. Trade and Development Program; and programs in support of regional development foundations. The final chapter examines U.S. support of multilateral programs of the United Nations, inter-American organizations, the Development Assistance Committee, and multilateral development banks.

Rudner, Martin. "Canada's Official Development Assistance Strategy: Process, Goals and Priorities." *Canadian Journal of Development Studies*, Vol. 12, No. 1, (1991): pp. 9-37.

Considers defined objectives of the ODA, its emphasis on human resource development, the changes to tied aid, and the issue of conditionality.

Sewell, John W. "Foreign Aid For A New World Order." *Washington Quarterly*, Vol. 14, No. 3, (Summer 1991): pp. 35-45.

If the United States is to respond to opportunities inherent in the new post-Cold War environment at a time when policymakers feel hard pressed to meet a variety of new needs, particularly on the domestic front, two steps are necessary. First, existing programs must be closely examined to see if they meet the challenges of the 1990s while still addressing important U.S. interests; if not, they should be phased out or canceled. Second, new programs must be developed to meet those new needs.

_____, Peter Storm, et al. *Challenges and Priorities in the 1990s, An Alternative U.S. International Affairs Budget, FY 1993*. Washington, D.C.: Overseas Development Council, 1992.

_____. and Timothy A. Johnston. "Redesigning Foreign Aid." in *Foreign Service Journal*, (November 1992): pp. 31-34.

Smith, Brian H. *More Than Altruism: The Politics of Private Foreign Aid*. Princeton, NJ: Princeton University Press, 1990. ISBN: 0-691-07845-9.

A comparative study of aid policies and priorities of private voluntary organizations and nongovernmental organizations in Europe, Canada, and the U.S.; emphasis on political aspects. Data from a sample of 205 nonprofit organizations with a 1980 budget of \$500,000 or more; includes a special section on 36 organizations operating in Colombia, 1984.

Speth, James Gustave. "A Post-Rio Compact." *Foreign Policy*. No. 88, Fall 1992.

The former president of World Resources Institute offers his views on priority issues for the 1990s. The U.S. Congress and President should make it a priority to collaborate in the total rewriting of the Foreign Assistance Act. Speth outlines seven elements that he feels should be part of a new U.S. program that reflects the needs of the developing world as well as America's own long-term interests.

1) Promote sustainable development -- "economic and social progress that both alleviates poverty and protects the environment for future generations." The program should emphasize:

- o effective family planning, improved maternal and child health care, and raising the status of women;
- o sustainable agriculture and fisheries
- o sustainable energy production
- o sustainable forestry
- o effective pollution control and environmental protection programs.

2) A successful program must go beyond traditional programs, such as those carried out by A.I.D., and extend to other critical areas affecting the prospects of developing countries, including access to capital and technology on favorable terms, reductions of external debt, and mutually advantageous trade reforms.

3) The bilateral foreign assistance portion of the new U.S. program should concentrate heavily on up-front needs -- on building the human and institutional capacities needed for sustainable development.

4) The U.S. should sharply increase its overall financial support for development assistance.

5) The U.S. program should directly address global environmental threats, which affect all countries.

6) Efforts to promote wise investments must be coupled with internal policy reforms.

7) Whenever possible, the new U.S. program should promote multilateral approaches. The U.S. should seek to strengthen the capabilities of organizations like the U.N. system (like its environment and development programs), the World Bank, and the regional development banks.

Stanfield, Rochelle L. "Fixing Foreign Aid: With the End of the Cold War, America's Much Criticized Foreign Aid Program May Be Reoriented To Help U.S. Businesses Compete in the Emerging Global Marketplace." *National Journal*, No. 22 (May 19, 1990): pp. 1223-1226.

Includes discussion of suggested cutbacks in aid to the top five recipient countries and arguments in favor of increased military aid to developing countries.

_____. "Built Without A Blueprint: As Recipient Needs and Strategic Concerns Have Shifted in Recent Decades, the Foreign Aid Program Has Been Piled With Overlapping, Conflicting Goals; It May Be Time For An Overhaul." *National Journal*, No. 21 (April 8, 1989): pp. 846-850.

Includes a comparison of the dollar amounts spent on foreign aid, and the percentage GNP for the U.S. and 17 other industrialized countries.

Sullivan, Denis J. "Bureaucratic Politics in Development Assistance: The Failure of American Aid in Egypt." *Administration and Society*, No. 23 (May 1991): pp. 29-53.

Focuses on the interbureaucratic struggles facing A.I.D. officials, both in Washington and in Cairo; suggestions for reform.

U.S. Congress, House Committee on Foreign Affairs. *Foreign Assistance Policy Studies: A Review of Major Reports and Recommendations*. Committee Print, 100th Congress, 2d Session. Washington, D.C.: Government Printing Office, August 1988.

_____, Subcommittee on Europe and the Middle East. *U.S. Foreign Aid In A Changing World: Options For New Priorities*. Committee Print, 102d Congress, 1st Session. Washington, D.C.: Government Printing Office, February 1991.

Stresses potential benefits of reorienting priorities that have been largely shaped by the Cold War. Prepared by the Congressional Research Service, Library of Congress.

Vocke, G. *Trade and Development: Impact of Foreign Aid on U.S. Agriculture*. Agriculture and Trade Analysis Division Staff Report. Economic Research Service. Washington, D.C.: U.S. Department of Agriculture, June 1990.

The papers in the proceedings were presentations for the 1989 Annual Meeting of the American Association for the Advancement of Science (AAAS); Technical Session, San Francisco, January 15, 1989. The report reviews the role of the various types of foreign assistance and the international factors influencing their effectiveness in promoting economic development. The focus is on the analysis of Third World economic development and import markets for agricultural products. The report includes a strategic assessment of U.S. agricultural competitiveness in Third World markets, the balancing of the agricultural and nonagricultural trade interests in the United States, and assistance to developing countries.

Vondal, Patricia. *Operational Issues in Developing A.I.D. Policy Reform Program*. A.I.D. Program Evaluation Discussion Paper No. 28. Washington, D.C.: A.I.D., October 1989. PN-AAX-225.

Program assistance for the support of macroeconomic and sectoral policy reform has become a major element in A.I.D.'s strategy for fostering broad-based and sustainable economic growth in developing countries. This paper identifies and discusses some of the major operational issues involved in the process of planning, designing, and negotiating policy reform programs. It is primarily based on lessons learned from A.I.D. experience in developing sector-specific and macroeconomic policy reform programs in Central America, Asia, the Near East, and Africa since 1983. The topics covered include: approaches to selecting policy objectives; analytical requirements for designing programs; donor coordination; design of conditionality; use of A.I.D. resources in packaging reforms; sources of A.I.D. influence; and negotiation strategies and styles. The study also suggests approaches to developing and promoting reform programs based on past successful experiences. The primary conclusion is that the manner in which A.I.D. develops and negotiates policy reform programs has major implications for the degree of support, the implementation, and the sustainability of the reform program, as well as for the tenor of bilateral relations between the U.S. and host country government. Therefore, A.I.D. efforts which emphasize collaboration, consensus-building, flexibility, cultural sensitivity, and recognition of local political and economic realities hold the most promise.

Washington Quarterly. "Foreign Assistance After the Cold War." *Washington Quarterly*, No. 14, (Summer 1991).

Three articles outlining approaches to adapting economic and security assistance to changing global and U.S. priorities.

Wennergren, E. Boyd. "U.S. Foreign Assistance and World Poverty: A Forgotten Commitment." *Journal of Developing Areas*, No. 25 (January 1991): pp. 169-177.

Describes the principal constraints that prevent the creation of a more effective technical assistance program.